



STATE OF IOWA

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DEPARTMENT OF EDUCATION
RYAN M. WISE, DIRECTOR

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of Modernizing the E-rate Program for Schools and Libraries))))	WC Docket No. 13-184
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**REPLY COMMENTS BY
THE IOWA DEPARTMENT OF EDUCATION**

September 3, 2019

The Iowa Department of Education (hereafter "The Department") submits the following comments in response to the Public Notice released by the Commission regarding the future of E-Rate Category 2. Iowa has 327 public school districts and 59 state accredited non-public schools. The most recent data indicates that over 90% of these eligible entities apply for E-Rate funding.

Summary

The Department agrees with multiple commenters on the following recommendations:

Recommendation 1: Permanently retain the Category 2 budget/cap system.

Recommendation 2: Utilize the C2 cap on a school district basis (instead of school by school).

Recommendation 3: Retain Basic Maintenance, Managed Internal Broadband Services, and caching on the program's Eligible Services List. But eliminate C2 "subcategories" (IC/BMIC/MIBS) and collapse the Eligible Services List into only Category One and Category Two services.

Recommendation 4: Add C2 support for advanced network security technologies.

Recommendation 5: Implement a total reset of prior years' C2 utilization status starting in FY2020.

Recommendation 6: Establish a static 5-year budget consistent for all (2020-2024).

Recommendation 7: Raise the cap calculation factor to at least \$250/student and raise the budget “floor” for less populated and smaller school locations to \$30,000.

Recommendation 8: Eliminate C2 equipment transfer restrictions.

Recommendation 9: Reduce the need for cost-allocations by allowing C2 equipment to be installed in Non-Instructional Facilities (NIFs).

Recommendation 10: Clarify the Eligible Services List so that eligible equipment may be used for any educational purpose.

Recommendation 11: Allow multi-year maintenance and support agreements to be funded as a one-time cost in a single Funding Year and allow manufacturer warranties to follow the purchase date of equipment, not the E-rate funding year.

Discussion

Recommendation 1: Permanently retain the Category 2 budget/cap system.

Prior to the implementation of the Category 2 budget/cap system, Iowa school districts and accredited non-public schools rarely were able to benefit from the old Priority 2 funding due to the program rules that funded the neediest applicants first. With the establishment of the Category 2 system, our districts and schools were able to tap into much needed Category 2 funds to refresh and upgrade their internal networks. For those few districts and schools that did not take full advantage of Category Two, a recent polling of those entities found that they either had already utilized other funding sources on upgrades or the district/school did not have enough resources to pay the undiscounted portion.

In fact, The Department agrees with commenters who stated that the real Category 2 demand is understated. For example, the Department agrees with Funds for Learning and E-mpa comments that the actual C2 demand is not known because applicants are coached to only apply for costs within their C2 budget. As Funds for Learning correctly states,

The current system provides the Commission with inaccurate and incomplete C2 data. Applicants are required to submit costs at or below their budget amount when they apply for discounts. This reduces the accuracy of data on the cost of C2

products and services. This is why USAC's system has no information in it about how much money in excess of their respective building budgets applicants are actually intending to spend, and do windup spending, on C2 products and services. Thus, the Commission's data on the demand for and cost of C2 products and services is incomplete. A corollary problem with this approach to per site budget administration is that it oftentimes forces applicants to state on their applications that services cost less than they actually do, in effect forcing them to lie. Funds for Learning (page 5)

Recommendation 2: Utilize the C2 cap on a school district basis (instead of school by school).

The Department agrees with comments and reasoning from SECA/SHLB, Alaska Department of Education and Early Development, Alaska Public Library, Council of Great City Schools, E-mpa, Pennsylvania Department of Education, The State of South Carolina, and West Virginia Department of Education that C2 budget caps should be established on a school **district** basis rather than the current school by school basis. The Iowa E-Rate Coordinator reports that while school districts are very appreciative of the Category 2 funding opportunities, there are repeated complaints by districts about the inflexibility of the current C2 budget cap system. The most common PIA inquiry for C2 for Iowa districts was because applicants exceeded their C2 budget cap for one or more schools. Some applicants did not use all their C2 because while one school used all its C2 and actually needed more, a newly constructed school in the district might not need any C2 at this time.

The statement by SECA/SHLB echoes The Department's sentiment, *First, at the local level, school districts and library systems manage their overall budgets outside of E-rate on a consolidated basis, not by building. Schools and libraries have governing boards that are responsible for allocating all kinds of resources to individual buildings, including technology. FCC rules that require schools and libraries to manage the budgets of individual buildings conflicts with their customary budgeting practices and are extremely onerous and burdensome on the applicants. These rules, too, are in conflict with the goal of the 2014 E-rate Modernization Order to simplify and streamline the E-rate Program. SECA/SHLB (page 9)*

Recommendation 3: Retain Basic Maintenance, Managed Internal Broadband Services, and caching on the program's Eligible Services List. But Eliminate C2 "subcategories" (IC/BMIC/MIBS) and collapse the Eligible Services List into only Category One and Category Two services.

The Department agrees with and found almost universal support for retaining Basic Maintenance, Managed Internal Broadband Services, and caching as eligible services. Smaller Iowa districts and schools rely heavily on Managed

Internal Broadband Services due to the difficulty in finding and retaining qualified technology support staff in their districts/schools.

However, The Department also heard from applicants about the difficulty in determining on Form 470 and 471 whether some C2 products and services (especially licenses) were “basic maintenance” or whether they were “internal connections.” This “gotcha” experience by Iowa districts and schools reflects comments such as those by the Alaska Department of Education and Early Development, Alaska Public Library (page 3), the West Virginia Department of Education (page 3), and SECA/SHLB (pages 24-25).

Recommendation 4: Add C2 support for advanced network security technologies.

As cited by EducationSuperHighway,
Network security is an ever more critical component of educational technology infrastructure; schools who lack robust, modern network defense systems and filtering endanger the safety and security of their students, staff, and data. ESH (page 6)

The Department supports the recommendations by ESH on page 7 of their initial comments to add the following items to the C2 Eligible Services List:

- All components of C2 firewalls
- Content filtering
- Deep packet inspection (DPI) capabilities, including Intrusion Detection System (IDS) and/or Intrusion Prevention System (IPS)
- Network Management Systems (NMS)

Recommendation 5: Implement a total reset of prior years' C2 utilization status starting in FY 2020.

In order to simplify the C2 budget calculation process, the Department supports numerous comments and that recommend resetting all C2 budgets effective with FY 2020. In transitioning from a school by school C2 budget cap to a district-level C2 budget cap, resetting the C2 budget process appears to avoid confusion about whether there are any funds to be carried forward.

The Pennsylvania Department of Education states convincingly,
By resetting all budgets in FY 2020, the FCC will have the flexibility to make changes to the Category 2 program moving forward without grandfathering applicants that have or have not utilized their Category 2 funding. Further, USAC will not be burdened with attempting to maintain a database to identify which year a certain applicant's Category 2 budget has been restored to full funding and certainly new school officials coming into the district won't have to research where they are in their funding cycle. By restarting all applicants' Category 2.

budgets in FY 2020, regardless of the first year they were committed funding, it will remove yet one more source of confusion. Pennsylvania Department of Education (page 7.)

Recommendation 6: Establish a static 5-year budget consistent for all (2020-2024).

The Department agrees with comments that recommend establishing a static 5-year budget for all applicants (i.e. FY2020-2024). We support especially the comments of Kentucky Department of Education (page 2) and New Mexico Public Schools Facility Authority (page 6) whereby each makes a compelling case for a static 5-year budget.

Further, the Department recommends that any applicant be permitted to keep constant 5-year enrollment/NSLP for both C2 and C1, unless the applicant wishes to update data. As E-mpa states, *E-mpa recommends that USAC would collect discount and budget information in the first year of each five-year category two budget block, and after a thorough review, these figures would remain the same for the balance of the five-year category two budget block. Applicants should have the option to submit updated enrollment and eligibility information to USAC each year. If an update is not requested by the applicant, the numbers from the first year or most previously approved update would continue to be used throughout the five-year category two budget block.* E-mpa (page 12)

The Department also agrees with the statement by SECA/SHLB. *Once the budgets are computed and verified by the administrator, applicants should have the option of relying on those budgets for the entire five-year cycle. They should not be mandated to update enrollment and NSLP numbers each year but may choose to do so.* SECA/SHLB (page 3)

Further, The Department agrees with comments that an annual inflation multiplier be discontinued and that the only time the multiplier changes is after the initial 5-year cycle (i.e. in preparation for FY2025). Several commenters advocated that the per pupil/budget floor cap be established at least one year prior to FY2025 to give applicants plenty of time to plan for their undiscounted share of C2 purchases. The Department supports this advance notice.

The Department does not agree with comments that would not allow applicants to update their enrollment data on an annual basis unless the data has changed by a certain significant percentage. The Department supports comments that allow applicant the choice of whether to keep the enrollment/NSLP/CEP data for the five-year period or to update it annually due to increases in enrollment and/or NSLP/CEP eligibility.

Recommendation 7: Raise the cap calculation factor to at least \$250/student and raise the budget “floor” for less populated and smaller school locations to \$30,000.

The Department supports comments that recommend raising the cap calculation factor to \$250/student and the small school budget floor to \$30,000. The analysis by Funds for Learning provides the most up-to-date figures on the needs of applicants.

In addition, the FY2019 Iowa C2 applicants consistently had equipment/service needs that exceeded their C2 school budgets. In fact, the most common inquiries from PIA for Iowa applicants involved “Category 2 Budget” issues whereby the applicants had to reduce their funding requests (i.e. equipment) to stay within their C2 budgets. Iowa applicants were forced to decide whether to scale back their equipment purchases or to use more district/school funds to pay for needed equipment.

Recommendation 8: Eliminate C2 equipment transfer restrictions.

As a means to simplify the program while still maintaining accountability for C2 equipment, the Department supports comments that seek to eliminate C2 equipment transfer restrictions. The Department concurs with comments such as those by Cisco Systems (page 9). As the initial comments by E-mpa cite, *School districts, especially large, urban school districts, change constantly. New schools open, older schools close, schools merge, and split, and are reconstituted in place. By the current rules of the program, a new school cannot use a shared router if it has not contributed to its cost.* E-mpa (pages 9-10)

Recommendation 9: Reduce the need for cost-allocations by allowing C2 equipment to be installed in Non-Instructional Facilities (NIFs).

With the migration from a school-based C2 budget cap to a district-wide budget cap, the Department contends that the current cost allocation for equipment serving non-instructional facilities will no longer be necessary or even efficient. The Department agrees with SECA/SHLB, *In sum, schools and libraries are in the best position to decide how and where to allocate Category 2 resources. With the adoption of district or library system wide budgets it should be entirely a local decision for the school or library to determine when E-rate funding should be used to furnish a non-instructional facility or a classroom building or library building with internal connections.* SECA/SHLB (page 23)

Recommendation 10: Clarify that eligible equipment may be used for any educational purpose.

Not only is cost allocation for equipment serving NIFs a tedious and difficult task on the part of the applicant and PIA, so too is cost allocation for portions of eligible equipment such as switches whereby some piece of eligible equipment might potentially have an ineligible item such as a security camera plugged in. The Department finds the comments by West Virginia Department of Education articulate this recommendation well.

We are not proposing that the FCC make end-user security cameras eligible, but instead ask that the clarification be made that the drops and switch ports, and other associated equipment, that support them do not require cost-allocation. West Virginia Department of Education (page 5).

Recommendation 11: Allow multi-year maintenance and support agreements to be funded as a one-time cost in a single Funding Year and allow manufacturer warranties to follow the purchase date of equipment, not the E-rate funding year.

The Department agrees with the comments of the Pennsylvania Department of Education (PDE) in regards to allowing for multi-year maintenance and support agreements to be funded in a single funding year (PDE, pages 18-19). Further, the Department also supports the statements by PDE that with the FCC allowing purchase of C2 equipment as early as April 1 of the funding year, the manufacturer warranty should also be E-Rate eligible from the date of equipment purchase, regardless of whether that purchase occurs on or before July 1. (PDE, page 19).

Summary

The Iowa Department of Education appreciates this opportunity to provide reply comments regarding the very important future of E-Rate Category 2.

Respectfully submitted,

/s/Ryan Wise

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Iowa Department of Education
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